



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	HB0257	<b>Title:</b>	Revise pharmacy laws
<b>Primary Sponsor:</b>	Driscoll, Robyn	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### **FISCAL SUMMARY**

	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>	<b><u>FY 2012 Difference</u></b>	<b><u>FY 2013 Difference</u></b>
<b>Expenditures:</b>				
General Fund	\$11,632	\$12,493	\$13,271	\$14,068
Federal Special Revenue	\$24,148	\$25,434	\$26,932	\$28,548
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$24,148	\$25,434	\$26,932	\$28,548
<b>Net Impact-General Fund Balance</b>	<u>(\$11,632)</u>	<u>(\$12,493)</u>	<u>(\$13,271)</u>	<u>(\$14,068)</u>

### **Description of fiscal impact:**

HB 257 allows a medical practitioner to dispense a drug or device not available at a community pharmacy. Additional costs incurred will be a result of unbundling reimbursements to medical providers for certain medical items and the shift the costs of these items from one program to another.

### **FISCAL ANALYSIS**

#### **Assumptions:**

#### **Department of Labor and Industry (DoLI):**

- HB 257 requires the Board of Pharmacy to license or register non-pharmacist auxiliaries. The board will register these auxiliaries at little or no cost to the department so therefore the fee structure will not change. There will be no impact to revenue or expenditures for the Board of Pharmacy.

#### **Department of Public Health and Human Services (DPHHS):**

- Amending 37-2-104, MCA, to include the term devices as defined by 37-2-101, MCA, would preclude the dispensing of any instrument, apparatus, or contrivance by any medical practitioner if the device were available at a community pharmacy. Examples of devices routinely reimbursed through these programs are diabetic shoes, crutches, prosthetics and orthotics, tongue depressors, and elastic bandages.

3. HB 257 will cause a cost shift from several Medicaid programs to the Medicaid Durable Medical Equipment (DME) program. Additional costs would be realized by the DME program because some of the devices routinely dispensed by medical practitioners are bundled into the reimbursement rate and if required to be dispensed from a community pharmacy will be reimbursed as individual line items.
4. Device reimbursement will no longer be bundled into the medical providers' reimbursement.
5. For FY 2010, it is estimated that the unbundling of devices for medical providers will cost an additional \$35,780, with a 6 percent inflation each year thereafter.
6. These costs will be funded at the Federal Medical Assistance Percentages (FMAP) as follows:

Fiscal Year	Additional cost for unbundling of services	State %	State Share	Federal %	Federal Share	Total Funds
FY 2010	\$35,780	32.51%	\$11,632	67.49%	\$24,148	\$35,780
FY 2011	\$37,927	32.94%	\$12,493	67.06%	\$25,434	\$37,927
FY 2012	\$40,203	33.01%	\$13,271	66.99%	\$26,932	\$40,203
FY 2013	\$42,616	33.01%	\$14,067	66.99%	\$28,548	\$42,616

**FY 2010**  
**Difference**

**FY 2011**  
**Difference**

**FY 2012**  
**Difference**

**FY 2013**  
**Difference**

**Fiscal Impact:****Department of Public Health and Human Services****Expenditures:**

Benefits	\$35,780	\$37,927	\$40,203	\$42,616
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**Funding of Expenditures:**

General Fund (01)	\$11,632	\$12,493	\$13,271	\$14,068
Federal Special Revenue (03)	\$24,148	\$25,434	\$26,932	\$28,548
<b>TOTAL Funding of Exp.</b>	<b>\$35,780</b>	<b>\$37,927</b>	<b>\$40,203</b>	<b>\$42,616</b>

**Revenues:**

General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$24,148	\$25,434	\$26,932	\$28,548
<b>TOTAL Revenues</b>	<b>\$24,148</b>	<b>\$25,434</b>	<b>\$26,932</b>	<b>\$28,548</b>

**Net Impact to Fund Balance (Revenue minus Funding of Expenditures):**

General Fund (01)	(\$11,632)	(\$12,493)	(\$13,271)	(\$14,068)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

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*Sponsor's Initials*


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*Date*


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*Budget Director's Initials*


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*Date*